

- 2.2 **Contracts Prohibited.** Except as provided below, neither the System nor a component thereof may enter into a contract in which a Regent or the Regent's spouse has a direct or indirect pecuniary interest.
- 2.3 **Recusal Required for Certain Types of Contracts Involving Pecuniary Interests.** If a Regent is a stockholder or director of a corporation seeking to enter into a contract with the System or a component thereof, but owns or has a beneficial interest in no more than five percent of the corporation's outstanding capital stock, the contract may be executed so long as it is an affiliation agreement, license (including a license of intellectual property), or sponsored research agreement, or it is awarded by competitive bidding or competitive sealed proposals. An interest owned by the Regent's spouse is considered to be a "beneficial interest." The affected Regent must disclose such interest in a public meeting of the Board of Regents and shall not vote on the contract or transaction.
- 2.4 **Regent Disclosure of Personal or Private Financial Interest.** A Regent who has a personal or private financial interest in a measure, proposal, or decision pending before the Board (other than a contract covered by *Paragraph 2.3* of this *Chapter*) shall disclose such interest in a public meeting of the Board, and such disclosure shall be entered in the minutes of the Board. The Board may consider such measure, proposal, or decision, but any Regent having such an interest shall not vote or otherwise participate in such deliberation or action of the Board. This procedure may not be utilized for contracts covered by *Section 2.3* of this *Chapter*.
- 2.5 **Potential Conflict of Interest of Regent.** As soon as possible after becoming aware of any potential conflict of interest, a Regent shall disclose such fact and any other relevant information to the Board and to the Vice Chancellor and General Counsel. In such an event, the Vice Chancellor and General Counsel shall review the potential conflict and issue an opinion.
- 2.6 **Contracts with Nonprofit Corporations.** The Board is not precluded from entering into contracts or other transactions with nonprofit corporations merely because a Regent also serves on the board of or is a member of the nonprofit corporation. Other factors and interests, such as pecuniary or personal interests, may require disclosure and recusal, as described above.
- 2.7 **Disclosure of Interest in Property to be Acquired.** Regents, the Chancellor and the president of the component are required to disclose